

**RESERVES**

<b>Reserve</b>	<b>Balance at 31 March 2022 £000</b>	<b>Projected Balance at 31 March 2023 £000</b>	<b>Projected Balance at 31 March 2024 £000</b>	<b>Description</b>
<b>Reserves to Fund Contractual Commitments</b>				
Crawley Schools PFI	-176	-176	-176	Holds the surplus of government credits and other sources of finance over unitary charge payments and other expenditure in the early years of the respective contracts, to meet future expenditure over the life of the PFI arrangements. This equalises the costs to the taxpayer of building and maintaining the facilities over the duration of the contracts, and is underpinned by detailed financial models to ensure that the scheme remains solvent throughout its duration.
Recycling & Waste PFI	-10,362	-10,198	-10,034	
Street Lighting PFI	-22,953	-22,546	-21,457	
Waste Materials Resource Management	-23,497	-22,097	-20,497	An investment fund to meet the 25-year Materials Resource Management Contract (MRMC) for the treatment and disposal of waste, including the development of appropriate facilities and will be fully utilised over the life of the contract due to end in 2033.
<b>Total Reserves to Fund Contractual Commitments</b>	<b>-56,988</b>	<b>-55,017</b>	<b>-52,164</b>	
<b>Reserves to Manage Risk and Uncertainties</b>				
Adult Social Care Reform Risk	-4,963	-19,963	0	This reserve was established in 2020/21 to support the implementation of the Social Care reforms due for implementation in October 2023. It was announced in the 2022 Autumn Statement that these reforms would be delayed until 2025. Financial plans assume that these social care reforms will be fully funded through Government grant but this assumption will remain under review in the approach to 2025. This reserve has now been re-purposed to manage the current pressures and risks within social care as detailed in the budget report.
Budget Management	-61,657	-40,367	-42,305	This reserve is held to guard against uncertainty and volatility over future Local Government funding as well as guarding against the risk of slippage and re-phasing of savings and unforeseen service pressures. The reduction reflects the increase in the General Fund reserve.
Business Rates & Collection Fund Smoothing Reserve	-460	-10,460	-8,642	To cover the council's share of any potential liability following successful business rates appeals. This reserve was increased in 2022/23 to be used to manage short term fluctuations in business rates income which can fluctuate as a result of factors outside of the Council's control, such as economic conditions or Government valuations. The reserve will also be used for any short term fluctuations in Council Tax income from changes in the tax base or collection rates.
Insurance Reserve	-3,329	-7,829	-7,829	Held in respect of the Authority's self-funding insurance scheme, and provides for the risk of unknown future claims (i.e. in excess of the known claims as provided for in the insurance provision). Projected balances will be subject to change as part of outturn to fund additional claims arising during the year, but this cannot be forecasted with accuracy and so no movement has been budgeted.
Interest Smoothing Account	-2,778	-2,778	-2,778	Held to meet temporary shortfalls arising from fluctuations in interest rates, such as a reduction in investment returns or increased costs of borrowing.
Schools Sickness & Maternity Insurance	-1,403	-1,403	-1,403	Holds the accumulated surplus on the Sickness and Maternity Insurance Scheme operated by the Authority for its maintained schools.
Social Care Sustainability Reserve	0	-5,028	-10,000	The 2023/24 budget includes additional budget within both children's and adult social care for demographic and market pressures based on the best information available. However, these two services remain volatile and are subject to uncertainty. This reserve is therefore held to manage pressures and risks associated with social care (adults and children's) as detailed in the budget report. Although there is no budgetted planned use in 2023/24, the pressures around placements within Children's social care and the market fragility, and increasing numbers in adult social care means some draw down is expected.
<b>Total Reserves to Manage Risk and Uncertainties</b>	<b>-74,590</b>	<b>-87,828</b>	<b>-72,957</b>	

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<b>Service Specific Earmarked Reserves <sup>1</sup></b>				
Ash Dieback	-1,200	-900	-900	Held to mitigate against budgetary pressures arising from the need to accelerate critical tree felling work during 2021/22. Although there is no planned use in 2023/24, there may be a call on this reserve. It is expected to be fully spent over the medium term.
Business Rates Pilot Fund	-17,380	-12,766	-12,176	This reserve holds the gains arising from the 75% local retention pilot scheme in 2019/20. The fund will be invested jointly by the County Council and its billing authorities on project work with economic benefit, but the income is initially recognised in the County's accounts as the lead authority for the Pilot.
Business Infrastructure	-312	-200	0	Intended to pump-prime local economic developments, through developing the broadband network, facilitating new business start-ups, and financing internal infrastructure improvements using local contractors where appropriate. This no longer needs to be held as a separate reserve and the balance of £200,000 has been transferred into the budget management reserve.
Contracts Reserve	-349	-349	0	Provides for potential claims arising from the settlement of contractual arrangements. This no longer needs to be held as a separate reserve and the balance of £349,000 has been transferred into the budget management reserve.
Economic Growth	-1,984	-1,572	-1,539	This reserve holds the monies to support the delivery of the Economic Growth Plan 2018-2023, including the progression of the economic priorities within the Coast to Capital Local Enterprise Partnership.
Elections	0	-200	-400	The County Council elections are held every four years - the next is planned in 2025. Each year there is a revenue contribution from the base budget which will be used to finance administrative costs in an election year.
Fire Inspection Improvements	-107	0	0	Held for the Fire Service to fund the Fire Service Improvement Plan following the recommendations raised by the inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) in 2019.
Highways Commuted Sums	-5,165	-7,757	-8,250	This reserve holds contributions received from developers in respect of future maintenance costs of non-standard highways infrastructure.
Highways On-Street Parking	-1,397	-597	-597	The income generated from on street parking can only be used to fund eligible on street parking developments and transport network expenditure. Any surplus income is held within this reserve for future expenditure or to manage future income shortfalls.
Inflation Contingency Reserve	-4,969	0	0	Amount set aside to mitigate anticipated inflationary pressures in 22/23.
Infrastructure Works Feasibility	-1,930	-1,953	-3,476	This reserve is used to fund revenue costs for feasibility works to support the development of the Council's capital programme - i.e. costs that cannot be capitalised. There is no planned use in 2023/24 but the £1,523,000 increase is from the base budget.
Investment Property Sinking Fund	-200	-300	-400	This reserve is held to meet one off expenses associated with the maintenance of the Council's commercial investment property portfolio. There is no planned use in 2023/24 but the £100,000 increase is from the base budget.
Miscellaneous Service Carry Forwards	-1,311	-57	-57	Unspent budget in a year can be carried forward in exceptional cases and by agreement with the Director of Finance and Support Services. The underspends must be individually immaterial and where there is evidence that the carry forward has plans to be spent in future years.
One Public Estate	-247	-110	-110	Reserve established to hold the balance of Government grant funding received to develop plans for rationalising the public estate together with partners including District Councils, Health and Sussex Police.
Service Transformation Fund	-13,346	-9,760	-9,760	This reserve is held to meet the costs of major organisational changes or service re-designs. It is used to fund short-term costs in order to deliver on-going savings, and as a source of investment to finance improvements to services so that they become more efficient and provide better outcomes. There is no planned use in 2023/24 but as set out in the budget report, the County Council is facing a significant financial challenge over the medium term and delivering cost reductions of that scale will require changes in the way services are delivered.
Statutory Duties Reserve	-2,246	-2,182	-2,182	Holds funding to meet statutory obligations over and above that which the Authority has made provision for.
Street Works Permit Scheme	-390	-122	-122	The income generated through Street Works Permits can only be used to fund eligible expenditure. Any surplus income is held within this reserve to support the delivery of eligible schemes in line with legislation.
<b>Total Service Specific Earmarked Reserves <sup>1</sup></b>	<b>-52,533</b>	<b>-38,825</b>	<b>-39,969</b>	

<sup>1</sup> These reserves are set up for a particular purpose and for managing risks and uncertainties relating to a specific service. There is planned use in 2023/24 and amounts will become known in year. It is expected that these reserves will be spent over the medium term.

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<b>Reserves for Government Grants</b>				
Covid-19 Fund	-15,976	-7,903	-7,903	Holds the unspent balance of unringfenced monies allocated by central government to support local authorities with pressures arising from the coronavirus pandemic. This is expected to be fully spent by 2024.
Social Care Support Grant 2018/19	-499	0	0	Holds the balance of monies allocated to the Council in the 2018/19 Local Government Finance Settlement to support the provision of adult social care.
Unapplied Revenue Grants	-2,805	-807	-807	Represents the unspent balance on revenue grants which are received for specific purposes but where there are no outstanding conditions on the grant which could require its repayment. The grant has therefore been recognised in full in the revenue accounts, but the unapplied balance is held in a reserve to fund future expenditure plans relevant to the purpose of the grant.
<b>Total Reserves for Government Grants</b>	<b>-19,280</b>	<b>-8,710</b>	<b>-8,710</b>	
<b>TOTAL EARMARKED RESERVES (EXCLUDING SCHOOLS)</b>				
	<b>-203,391</b>	<b>-190,380</b>	<b>-173,800</b>	
School Balances	-27,740	-27,575	-27,575	The School Balances reserve holds balances on behalf of schools.
<b>TOTAL EARMARKED RESERVES (INCLUDING SCHOOLS)</b>				
	<b>-231,131</b>	<b>-217,955</b>	<b>-201,375</b>	
General Fund	-20,286	-20,286	-36,286	The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment. The County Council is facing a period of financial uncertainty over the medium term and therefore the level of working balance held has been increased to 5% of gross expenditure which is expected to be a prudent level.
<b>Capital</b>				
Capital Receipts Reserve	-4,789	0	0	Holds the balance of receipts generated through the disposal of assets which have yet to be applied to finance spend via the capital programme.
Capital Grants Unapplied	-21,229	-1,444	-1,444	Holds the unspent balance on capital grants which are received for specific purposes where there are no outstanding conditions on the grant.
<b>Total Capital Reserves</b>	<b>-26,018</b>	<b>-1,444</b>	<b>-1,444</b>	
<b>TOTAL USABLE RESERVES</b>				
	<b>-277,435</b>	<b>-239,685</b>	<b>-239,105</b>	